

# Delaware Receives \$1.8 Million Dollars As Lead State Share from AIG Multi-State Settlement

*Insurance Commissioner Karen Weldin Stewart Applauds Resolution of AIG Workers Compensation Premium Tax Inaccuracies*

Dover – Delaware Insurance Commissioner Karen Weldin Stewart announced today that Delaware, as a lead state, will receive one million, eight hundred and twenty thousand and two hundred and ninety-seven dollars (\$1,820,297) from AIG and its workers compensation insurance affiliates. The payment is part of an agreement in which AIG will pay a \$100 million penalty to insurance regulators in all 50 states and the District of Columbia for alleged premium under-reporting under a settlement announced today by Commissioner Stewart and the regulators of the other seven lead states who led the examination. The company will also pay approximately \$46.5 million in additional taxes and assessments. This resolves a multi-state probe that examined whether AIG violated premium reporting rules governing workers compensation insurance.

The multi-state examination was led, along with Delaware, by Florida, Indiana, Massachusetts, Minnesota, New York, Pennsylvania and Rhode Island. All the other states and the District of Columbia are Participating States. The scope of the examination was AIG's writing and financial reporting of workers compensation insurance. The Examination found noncompliance with financial reporting laws. Most significantly, it found that the Company misreported \$2.12 billion of workers compensation premium that was reported instead as general or commercial automobile liability premium.

Under the terms of this settlement, AIG will:

- pay a \$100 million fine to be apportioned among all the participating states;
- pay approximately \$46.5 million in additional taxes and assessments;  
enter into a compliance plan containing agreed-upon specific steps and standards for evaluating AIG's ongoing compliance with
- workers compensation insurance rating and reporting requirements;
- submit to periodic internal and state monitoring and a confirmatory examination at the end of 24 months; and
- agree to pay a contingent potential fine of up to \$150 million if AIG fails to meet the terms of the compliance plan.

Commissioner Stewart stated, **"Accurate company financial data is an essential ingredient of proper insurance regulation. While, in these difficult economic times, the revenue coming to the state as a result of this agreement is important and necessary, what is equally critical is the role that state regulation played in insuring that the public interest is well served."**